

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

LAMAMCO DRILLING COMPANY
AI # 31924

PROCEEDINGS UNDER THE LOUISIANA
ENVIRONMENTAL QUALITY ACT
LA. R.S. 30:2001, ET SEQ.

*
*
* **Enforcement Tracking No.**
* **AE-CN-03-0401**
* **AE-CN-03-0401A**
*
*
*
*
*

SETTLEMENT

The following Settlement is hereby agreed to between Lamamco Drilling Company (“Respondent”) and the Department of Environmental Quality (“DEQ” or “the Department”), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. (“the Act”).

I

Respondent is a corporation who operates a crude oil production facility located approximately four (4) miles south of Lisbon, Claiborne Parish, Louisiana (“the Facility”).

II

On December 8, 2003, the Department issued a Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-03-0401, to the Respondent, which was based upon the following findings of fact:

The Respondent owns and/or operates the Lisbon-Petit Sand Unit, a crude oil production facility located approximately four (4) miles south of Lisbon in Claiborne Parish, Louisiana. The facility operated under Title V Permit No. 0620-00109-V0 issued on July 31, 1997, and which

expired on July 31, 2002.

On September 26, 2003, an inspection of the Respondent's facility was performed to determine the degree of compliance with the Act and Air Quality Regulations.

The following violations were noted during the course of the inspection:

- A. The expiration date of the Respondent's operating permit was July 31, 2002. A permit renewal application was to be submitted to the department no later than six months prior to the expiration date of the permit. The Respondent failed to submit an application for renewal of Title V Permit No. 0620-00109-V0 to the Department by January 31, 2002. Failure to submit the Title V permit renewal application at least six months prior to the date of permit expiration is a violation of LAC 33:III.507.E.4, Part 70 General Condition A of Title V Permit No. 0620-00109-V0, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.
- B. As stipulated in LAC 33:III.507.E.3, unless renewed in accordance with Section 507 of the Air Quality Regulations, permits issued under Section 507 shall expire at the end of the effective duration. Therefore, the Respondent has been operating the facility without a permit since July 31, 2002. This is a violation of LAC 33:III.501.C.2 and Sections 2057(A)(1) and 2057(A)(2) of the Act.
- C. The Department has no record of receipt of the Respondent's semiannual monitoring reports for the periods encompassing July through December 1997, January through June 1998, July through December 1998, January through June 1999, July through December 1999, January through June 2000, July through December 2000, January through June 2001, July through December 2001, January through June 2002, July through December 2002, and January through June 2003. The Respondent failed to submit the semiannual monitoring reports to the Department by the required dates specified in Part 70 General Condition K of Title V Permit No. 0620-00109-V0. Each failure to submit the semiannual monitoring report to the Department by the required date is a violation of Part 70 General Condition K of Title V Permit No. 0620-00109-V0, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.
- D. The Department has no record of receipt of the Respondent's annual compliance certifications for the 1997, 1998, 1999, 2000, 2001, and 2002 calendar years. The Respondent failed to submit the annual compliance certifications to the Department by the required dates specified in Part 70 General Condition M of Title V Permit No. 0620-00109-V0. Each failure to

submit the annual compliance certification is a violation of Part 70 General Condition M of Title V Permit No. 0620-00109-V0, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.

On May 27, 2004, the Department issued an Amended Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-03-0401A, to the Respondent. The amended order added the following Findings of Fact:

On March 26, 2004, a file review of the Respondent's facility was performed to determine the degree of compliance with the Act and Air Quality Regulations.

The following violations were noted during the course of the file review:

- A. According to the Respondent's letter dated February 25, 2004, 13 emission sources (Emission Source Nos. 005, 006, 007, 008, 009, 010, 011, 012, 013, 014, 015, 016, and 017) were installed and operated at the facility prior to approval from the permitting authority. Each failure to submit a permit application and obtain approval from the permitting authority prior to construction, modification, or operation of a facility, which ultimately may result in an increase in emission of air contaminants, is a violation of LAC 33:III.501.C.1, LAC 33:III.501.C.2, and Sections 2057(A)(1) and 2057(A)(2) of the Act. An application to include these emission sources was submitted to the Department on or about March 11, 2004.
- B. According to the Respondent's annual compliance certification dated March 11, 2004, for the 1997 calendar year, the Respondent failed to perform a stack test on the Internal Combustion Engine, Emission Source 001, to demonstrate compliance with the CO and NO_x emission limits of the operating permit. This is a violation of State Only Specific Condition 1.A of Title V permit No.0620-00109-V0, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.
- C. According to the Respondent's 1997 annual compliance certification, July through December 1997 semiannual monitoring report, 1999 annual compliance certification, and January through June 1999 semiannual monitoring report, each dated March 11, 2004, the Respondent failed to test the Internal Combustion Engine, Emission Source 001, semiannually. The engine was operated from July through December 1997 and January through

May 1999. Each failure to test the engine is a violation of State Only Specific Condition 1.B of Title V Permit No. 0620-00109-V0, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act. ”

III

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

IV

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of TWENTY-EIGHT THOUSAND AND NO/100 DOLLARS (\$28,000.00) of which Six Hundred Seventy-six and 89/100 Dollars (\$676.89) represents DEQ’s enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondent on cash payments to DEQ as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

V

Respondent further agrees that the Department may consider the inspection report(s), the Consolidated Compliance Order and Notice of Potential Penalty and the Amended Consolidated Compliance Order and Notice of Potential Penalty and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VI

This agreement shall be considered a final order of the secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

VII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in LSA- R. S. 30:2025(E) of the Act.

VIII

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Claiborne Parish, Louisiana. The advertisement, in form, wording, and size approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted a proof-of-publication affidavit to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

IX

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the

Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Darryl Serio, Office of Management and Finance, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

X

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XI

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his/her respective party, and to legally bind such party to its terms and conditions.

LAMAMCO DRILLING COMPANY

BY: 

(Signature)

STANLEY J. MILLER

(Printed or Typed)

TITLE: Partner

THUS DONE AND SIGNED in duplicate original before me this 8th day of February, 20 05, at SKIATOOK, OK.




NOTARY PUBLIC (ID # _____)

Jerry Scivally
(Printed or Typed)

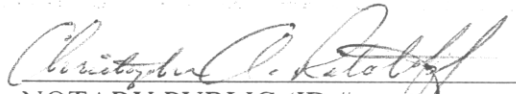
STATE OF LOUISIANA

Mike D. McDaniel, Ph.D., Secretary
Department of Environmental Quality

BY: 

Harold Leggett, Ph.D., Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 25th day of April, 20 05, at Baton Rouge, Louisiana.


NOTARY PUBLIC (ID # 18075)

Christopher A. Ratcliff
(Printed or Typed)

Approved: 

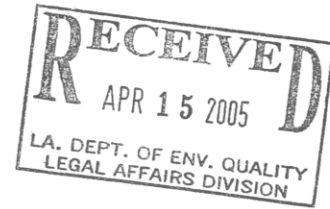
Harold Leggett, Ph.D., Assistant Secretary



CHARLES C. FOTI, JR.
ATTORNEY GENERAL

State of Louisiana
DEPARTMENT OF JUSTICE
P.O. BOX 94005
BATON ROUGE
70804-9005

April 12, 2005



Mr. Herman Robinson, Executive
La. Department of Environmental Quality
Legal Affairs Division
P.O. Box 4302
Baton Rouge, LA 70821-4302

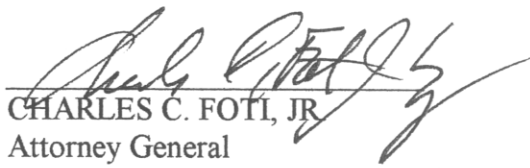
Re: AG Review of DEQ Settlement;
Lamamco Drilling Company
AE-CN-03-0401, et al.

Dear Mr. Robinson:

Pursuant to the authority granted to me by Art. IV, Sec. 8 of the state constitution and R.S. 30:2050.7(E)(2)(a), I approve the above referenced settlement.

Sincerely,

By:


CHARLES C. FOTI, JR.
Attorney General

CCF/mlc